

C L I F F O R D

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May 9, 2008

BY HAND

The Honorable Richard M. Berman
United States District Court for the
Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street, Courtroom 21D
New York, New York 10007-1312

Re: *Joseph S. Gelmis, et al. v. Earl W. Cole, III, et al.*, 08-CV-00980
Jules Rothas, et al. v. Municipal Mortgage & Equity, LLC, et al., 08-CV-01120
Arnold J. Ross, et al. v. Earl W. Cole, III, et al., 08-CV-01299
Alex D'Angelo, et al. v. Municipal Mortgage & Equity, LLC, et al., 08-CV-01331
Judith Greenberg, et al. v. Michael L. Falcone et al., 08-CV-02005
Naomi Raphael, et al. v. Municipal Mortgage & Equity, LLC, et al., 08-CV-02190

Dear Judge Berman:

On behalf of Municipal Mortgage & Equity, LLC (“MuniMae”), and pursuant to your Order of April 29, 2008 (the “Order”), I write to provide an update regarding the status of the proceedings before the Judicial Panel on Multidistrict Litigation (the “Panel”) and the actions pending in the United States District Court for the District of Maryland (“Maryland”).

As of today, the Panel has not set a schedule to hear MuniMae’s motion to transfer and consolidate the related class and derivative actions. However, according to Panel Rule 7.2, we believe that the following schedule will apply:

1. May 19, 2008: Deadline for parties to respond to MuniMae’s motion
2. May 27, 2008: Deadline for MuniMae to reply

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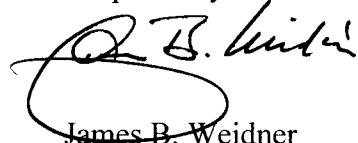
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On April 30, 2008, Judge Marvin J. Garbis, who is presiding over the class and derivative actions filed against MuniMae in Maryland, sent the attached letter to counsel announcing his decision to proceed with lead plaintiff motion practice for the related class actions pending in Maryland. (See Ex. A.) A hearing on the lead plaintiff proceedings is currently scheduled to take place on June 6, 2008, at 11:00 a.m.

On May 7, 2008, the three shareholders who filed derivative actions in Maryland against MuniMae and certain of its officers and directors jointly filed an unopposed motion to consolidate the related derivative actions and approve a proposed leadership structure.

On May 9, 2008, a shareholder who moved for appointment as lead plaintiff in the related class actions before this Court filed a motion to intervene in the related class actions pending in Maryland.

Respectfully submitted,


James B. Weidner

cc: All Counsel

Enclosure

Exhibit A



UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
101 W. LOMBARD STREET
BALTIMORE, MARYLAND 21201

Chambers of
Hon. Marvin J. Garbis
United States District Judge
410-962-7700

April 30, 2008

TO ALL COUNSEL OF RECORD

Re: Municipal Mortgage Cases, MJG-08-269, 292, 386, 476, 579

Dear Sir/Madam:

I held an informal telephone conference on April 28 with available counsel (including counsel for some Plaintiffs and some Defendants) regarding the procedural posture of these cases in view of the pendency of parallel proceedings in this District and the Southern District of New York. I have also received Mr. Piven's letter of April 29.

There appears to be no opposition to the centralization of all related cases in one court although there is disagreement as to whether that court should be the District of Maryland or the Southern District of New York. The Multi-District Litigation Panel will determine whether to consolidate certain cases and in which district the consolidated cases would be centralized.

In the interim I think it important that the litigation proceed in due course. Inasmuch as the principal Defendant (the corporation) is based in Baltimore and, according to the Corporate Defendant's memorandum in support of its motion to the Multi-District Panel, most of the parties and potential witnesses are in Boston and Baltimore, I anticipate the MDL Panel will give serious consideration to transferring the cases to Maryland for centralization here. Accordingly, I find it appropriate to proceed with the pending motions pertaining to the determination of lead Plaintiffs and lead counsel.

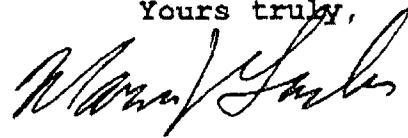
COUNSEL OF RECORD

April 30, 2008

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Therefore, as discussed with counsel, a hearing shall be held on the pending motions on Thursday, May 29, commencing at 2:00 p.m.

Yours truly,



Marvin J. Garbis
United States District Judge